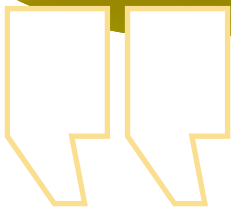


propertymark

Auctions Barometer

Q4
2023

PROPERTYMARK PERSPECTIVE



Richard Worrall
NAVA Propertymark
President

For the last quarter of 2023 in the property auction sector, catalogue numbers continued to grow substantially, although high numbers of properties continue to be withdrawn before auction. Strong bidding continues to be commonplace on properties that require refurbishment/offer development potential, and flats with tenants in situ continue to see prices squeezed. These are themes that have been prevalent throughout the year. It is also encouraging to see the increasing number of purchasers who are buying properties at auction to live in themselves.

In the commercial auction sector sales and instructions are experiencing a notable surge propelled by corporate insolvencies spanning various sectors. In the goods, chattels, and fine art sector there continues to be a plentiful supply of buyers to create competitive open market bidding in all sectors.

Despite the economic uncertainty, our members report some good news in Q4 with an increase in the number of lots coming to auction. In addition, the vast majority of members said that the number of lots achieving their reserve price stayed the same or increased in comparison to the previous quarter.

Our members continue to express concerns around non-regulated activity in the sector, which is concerning and suggests an urgent need for sector regulation.

To end on a high note, many members have a positive outlook for 2024 and it's great to see some of the fantastic items that have sold at auction in Q4.



Nathan Emerson
Propertymark CEO

Economic outlook

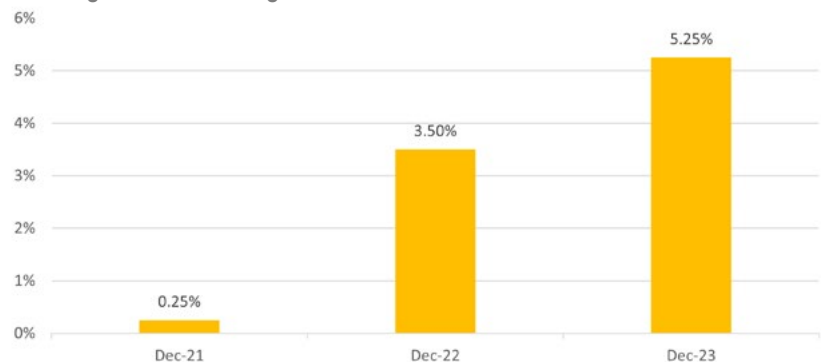
Despite the interest rate being held in December 2023, uncertainty continues to pervade the UK economy. **GDP growth is anaemic and there has been little change in inflation.**

BASE RATE REMAINS UNCHANGED

The Bank of England Monetary Policy Committee voted (6 to 3) to hold the base rate at 5.25% in December 2023. Three members voted to increase the rate to 5.5%.

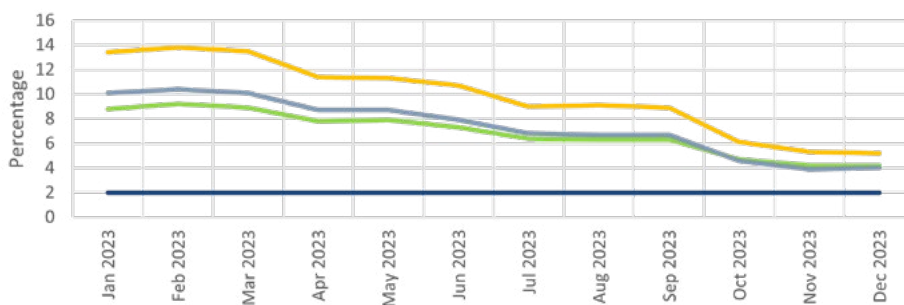
This relative stability is welcome although the rate remains high in comparison to December 2021 (0.25%) and December 2022 (3.5%) (Figure 1).

Figure 1: Bank of England base rate



Source: Bank of England

Figure 2: Inflation percentage change over 12-month period



Source: Office of National Statistics

- CPIH
- RPI
- CPI
- BofE Target

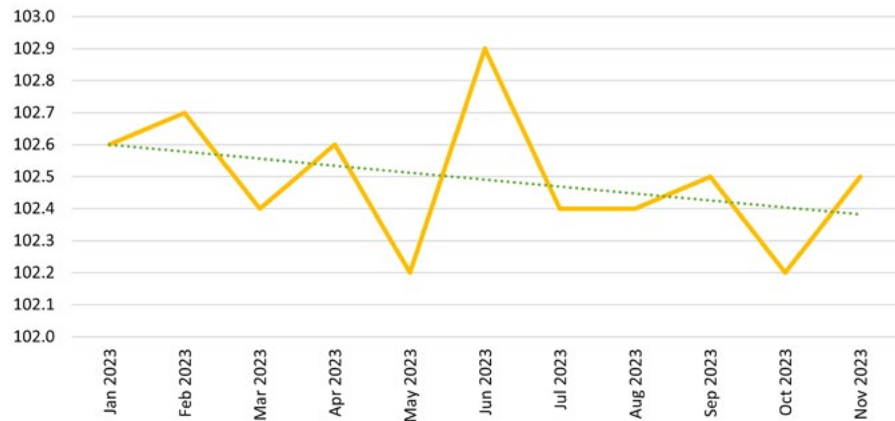
INFLATION LITTLE CHANGED

Inflation in the 12 months to December 2023 was static as measured by CPIH, marginally up as measured by CPI and marginally down as measured by RPI (Figure 2). Whilst headline inflation has come down from highs earlier in the year, it remains somewhat off the Bank of England's 2% target.

GDP GROWTH ANAEMIC

2023 has been a lackluster year for UK GDP performance (Figure 3).

Figure 3: UK GDP (Index, 2019 = 100)



Source: Office for National Statistics

Location of survey participants

This quarter's survey responses came from across the country (Figure 4).



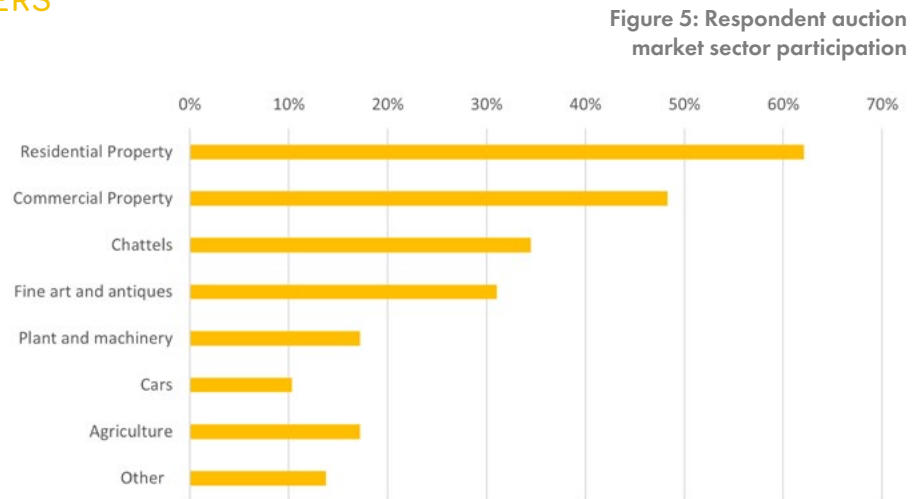
Figure 4: Location of Survey Responders

Source: Propertymark

Our Members' activities

SECTORS OUR MEMBERS OPERATE WITHIN

Survey responses were provided by members with a variety of auctions specialisms. *Figure 5* shows the breadth of activities of our members and highlights that many operate in multiple sectors.

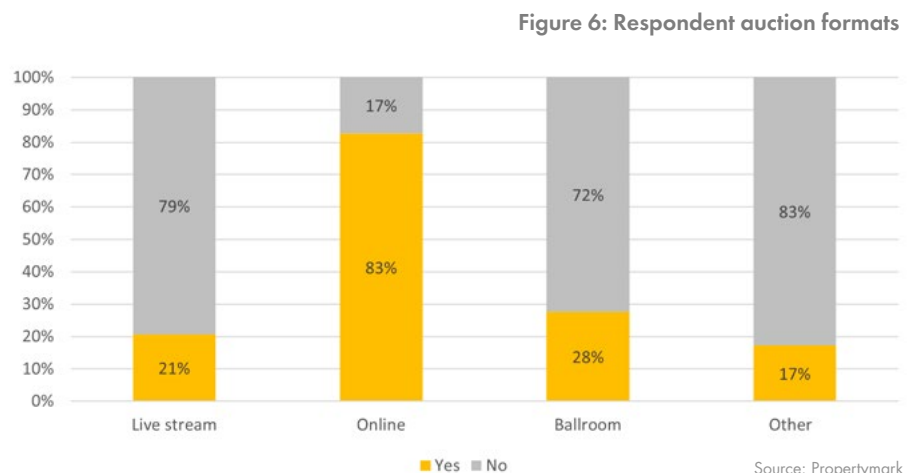


Source: Propertymark

Operational overview

AUCTION FORMATS UTILISED

We asked our members how they conduct their auctions. As can be seen in *Figure 6*, online auctions continue to dominate. However, traditional ballroom/salesroom auctions continue to play a role.

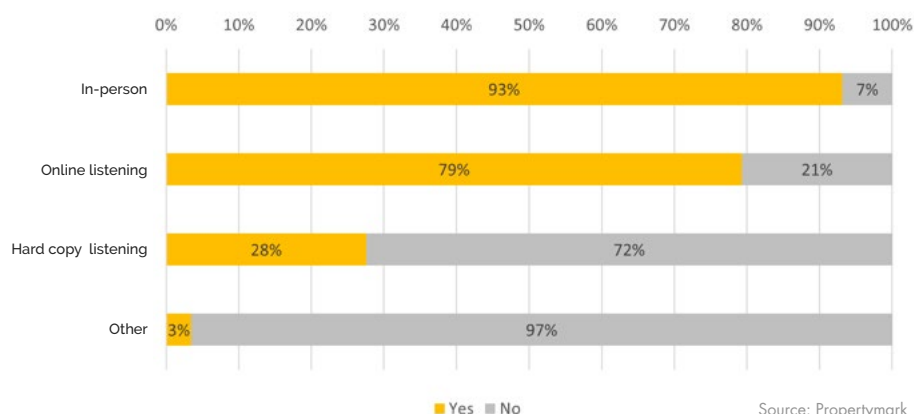


Source: Propertymark

HOW ARE LOTS FOR SALE VIEWED?

Figure 7: How lots for sale are viewed

We also asked how lots for sale are viewed. Despite the growing popularity of online auctions, in-person viewings still play a significant role in the auction process (Figure 7).

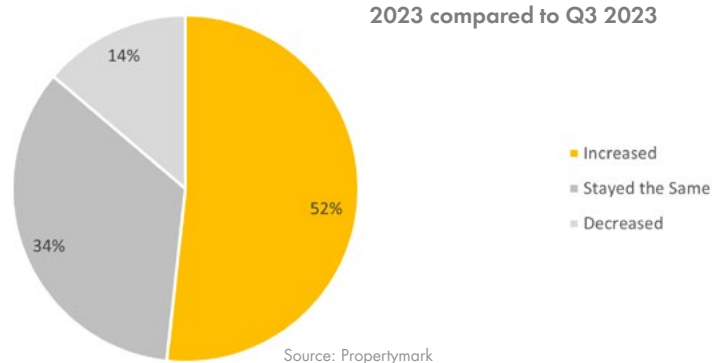


Performance overview

NUMBER OF LOTS

The majority of members (52%) said that the number of lots available (for all auction types) increased in Q4 2023 (Figure 8).

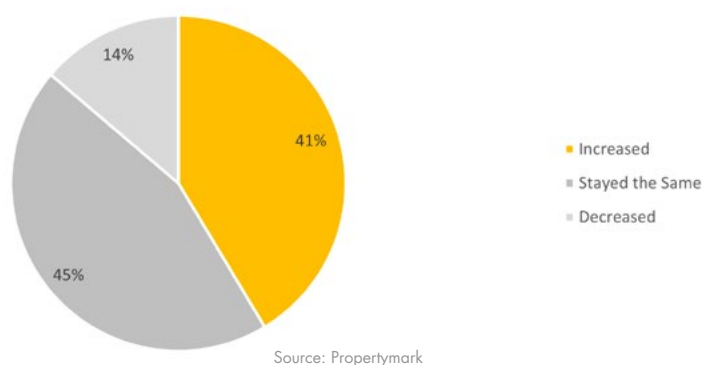
Figure 8: The number of auctions lots in Q4 2023 compared to Q3 2023



NUMBER OF LOTS ACHIEVING THEIR RESERVE PRICE

Around 86% of members said that the number of lots achieving their reserve price stayed the same or increased in Q4 2023 (Figure 9).

Figure 9: The number of auctions lots achieving their reserve price in Q4 2023 compared to Q3 2023



Biggest issues

facing auctioneers

We asked our members what issues they faced in Q4. As in the last report, several pointed to the 'economic climate', 'market uncertainty' and 'rising costs' as key issues. Many members also pointed to increasing legislation as a challenge.



Auctioneers from across the profession had some concerns about the quality and quantum of lots:

There is pressure from a lack of quality lots.

"There are challenges finding suitable high value items for auction."

"Real estate auctioneers are facing a lack of stock coming to market."

Members also noted a range of industry-based challenges:

"Sloppy marketing with legal packs with little or no information in them being produced on the eve of the auction in the hope inexperienced online bidders will not read them."

"High buyers' premiums discouraging bidding and reducing the amount on sale that would otherwise be achieved and sellers not being told about this."

"The biggest barrier for chattels auctioneers will be the National Minimum Wage increase. Salerooms are labour intensive and are unlikely to be able to take the pain of yet another increase."

Predictions for the year ahead



In light of economic and political uncertainty, it is not surprising that members have a range of opinions as to what 2024 has in store for auction markets. For example, there were predictions of a difficult year ahead in some quarters and the busiest year since the financial crash of 2008 in others.



Busy first 6 months, election uncertainty will subdue activity in the second half of the year.



More listings will come to auction, sold rates may remain the same or drop slightly depending on client expectations.



Likely to be the busiest year we have had since the financial crash of 2008, maybe busier.



Seems the number of properties in auctions should increase, especially with the type of laws coming to the PRS, many portfolio landlords may sell an entire lot and an auction is the best way to sell such a large number of properties.



There will always be suitable properties for auction and with a tougher market at present and predicted for the near future, I believe auctions will remain a popular route of sale, especially with clients looking for a bit more certainty in the sale.



The property market remains in a state of uncertainty, but the indications are that there will be a price realignment sometime between now and the end of Q2 2024.

Interesting lots



Each quarter we highlight our members' lots that really stand out.



SOLD
£725K

Auction House Essex and Kent sold this Methodist Church in Stanford-le-Hope, Essex. (Guide price £400,000)



SOLD
£36K

Moore, Allen & Innocent sold this pair of 19th Century Chinese coral red decorated porcelain bowls. (Estimate £300–£500).



SOLD
£787K

Bradleys Estate Agents sold a 'fantastic renovation in West Pentire with spectacular views over Crantock beach'. (Guide price £750k).

SOLD
£137K

John Pye Auctions sold this former mortuary in Staffordshire (Guide price £55k).



SOLD
£48K

Eighteen Eighteen Auctioneers sold 'Blue Hyacinths In A Winter Landscape' by Winifred Nicholson (1893-1981, British).

The painting made well over its estimate jumping from £8,000 to £48,000 within the last hour of online bidding.



Elstob Auctioneers sold this mid-19th century, jewelled gold and enamel royal presentation snuff box by C.M. Weishaupt und Söhne, Hanau.



SOLD
£16K

Property supplement

PROPERTY SUPPLY

A large percentage of members (59%) reported that instructions were generated via probate (Figure 11). This is a larger number than in Q3 (47%).

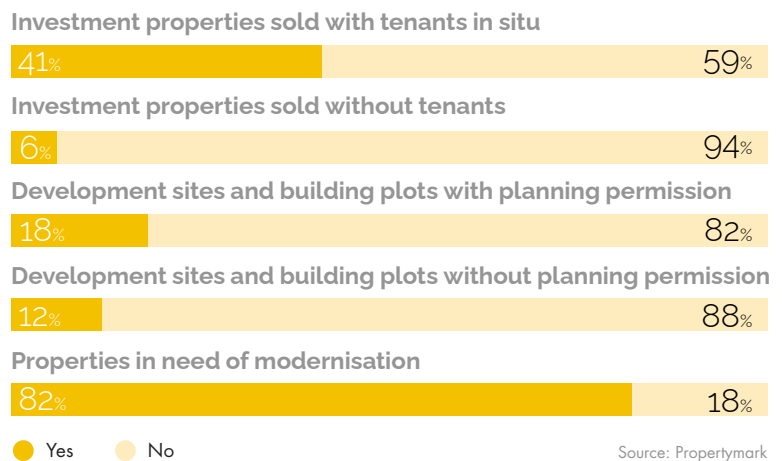
Figure 11: % of members reporting probate as a source of instructions in Q4



PROPERTY TYPE

The type of properties coming to market in Q4 varied although properties sold with 'tenants in-situ' and properties 'in need of modernisation' remained common (Figure 12).

Figure 12: Types of properties coming to market in Q4



ABOUT THIS REPORT

This report is based on responses to a survey of Propertymark member agents conducted in Q4 2023. The analysis is based on data provided by around 30 agents across the UK. The report also contains a variety of third-party data including data from the Bank of England, the Office for National Statistics and HM Land Registry. Where relevant the data is used under the Open Government Licence v3.0 and is referenced at the point of use. Each of these sources has its strengths, limitations and caveats and we would recommend visiting the sources directly to evaluate these further. Where the data includes estimates that are subsequently updated, we reflect these updates in subsequent reports. Rounding errors are due to computation methods. Figure 10 Photos and descriptions were obtained from member agent websites.

EDITOR NOTES

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ABOUT PROPERTYMARK






Propertymark is the leading professional body for estate and letting agents, commercial agents, auctioneers, valuers, and inventory providers comprising over 17,500 members. We are member-led with a board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry leading training programme and mandatory Continuing Professional Development.

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